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VIRGINIA BUSINESS REPORT

BUREAU OF BUSINESS RESEARCH, SCHOOL OF BUSINESS ADMINISTRATION
THE COLLEGE OF WILLIAM AND MARY, WILLIAMSBURG, VIRGINIA

Report No. 282 **November, 1983**

Business in Virginia October, 1983 Data

On a year-ago basis business in Virginia did better in October than September, although not in all cases. Bank Debits to demand deposits, popularly known as checking account transactions (checks cashed) rose 17.4 percent in October and only 11.9 percent in September. This is a positive direction toward par, which is around increases of 20.0-23.0 percent.

Of the seventeen cities surveyed certain ones did very well: Bristol, Cape Charles-Exmore, Charlottesville, Fredericksburg, Harrisonburg, Lynchburg, and Winchester.

Building permits jumped a 74.4 percent increase on a year-earlier basis, in October but only 6.4 percent in September. This was extraordinary, as it exceeds the ten-month average for the state in 1983.

Electricity consumed rose 10.0 percent in October over same month of last year. It is difficult to explain this. In August there was a substantial increase, mostly because of the heat and hence air-conditioning. September appeared likewise to be so constituted. But now comes October and the heat has abated. It is possible that the wheels of business and industry are turning faster and using more electricity and it is possible that Christmas lights are coming on earlier, but one wonders if this is enough to make a significant difference. More likely the real truth is that conditions a year ago were not all that great, and hence the comparison is overstated.

New car registration were up 23.5 percent over a year earlier. Virtually every city surveyed was up except Williamsburg, and Richmond exceeded them all with a 62.6 percent increase.

Nonagricultural employment came in at a rise of 2.4 percent. This is the largest increase in any one month all year. Such is the jobs market and most important to the economy of the Commonwealth. The ten-month average was only 0.9 percent in the up swing over a year ago.

Newspaper advertising linage ordinarily pushes retail sales especially if they are showing considerable strength in any one month. This time the advertising linage rose 7.9 percent, which is more than a ten year high. The reason for the large increase lies primarily at Winchester's door. These are their figures and they are convinced of their accuracy. The 107.9 percent increase sounds very high. If this is removed from the total calculation, then the summation comes in at 4.2 percent.

This makes more sense as to what happened to retail sales, which rose only 4.5 percent this October over that of a year earlier. One cannot help but wonder what kind of Thanksgiving and Christmas sales Virginia will have. Look at the downward drift (comparisons are with 1982, a year of recession): August, 10.0 percent; September, 8.5 percent; October, 4.5 percent.

Water consumption was up 2.5 percent and postal receipts rose 4.5 percent. —LET

(Continued on back page.)

Chart I

Nine Selected Business & Economic Indicators Percentage Change

Percentage Change October, 1983 from October, 1982

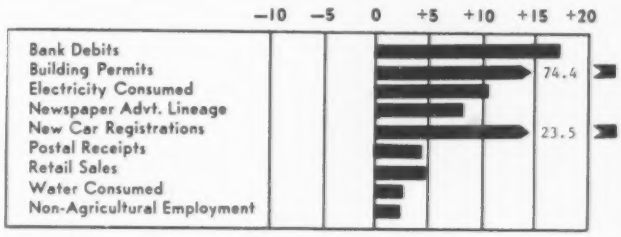
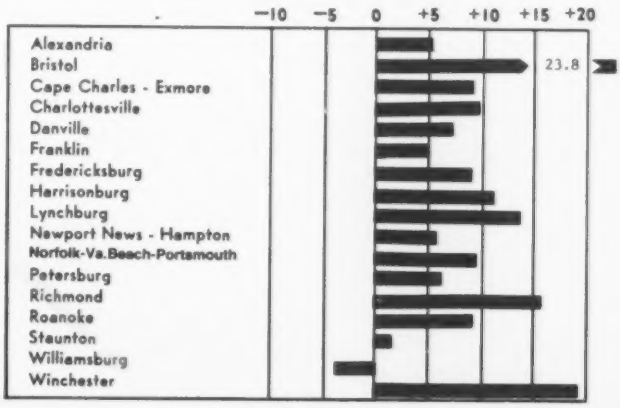


Chart II

City Indices

Percentage Change October, 1983 from October, 1982



SELECTED BUSINESS AND ECONOMIC INDICATORS FOR 17 CITIES

TABLE I October 1983

Monthly Index Number Comparisons of Current Month to Same Month in Base Period (1977) - Base Period = 100

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV LINAGE	NEW CAR REGIS-TRATIONS	NON AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	POSTAL RECEIPTS
The State		299.1	244.9	108.1	114.8	104.4	113.9	91.9	140.0	177.5
Alexandria	211.0	816.3	936.8	110.2	N.A.	113.4	124.0	91.7	144.0	N.A.
Bristol	136.9	272.7	289.8	80.5	134.4	58.6	N.A.	89.6	133.0	197.4
Cape Charles - Exmore	125.9	191.3	197.4	100.0	N.A.	82.4	N.A.	N.A.	121.9	141.9
Charlottesville	170.9	237.5	187.8	104.6	N.A.	126.6	N.A.	120.8	192.6	199.8
Danville	131.3	N.A.	80.4	110.3	112.0	100.8	N.A.	87.2	163.6	149.3
Franklin	115.1	N.A.	9.2	100.2	120.8	100.9	N.A.	111.0	110.6	156.0
Fredericksburg	141.5	167.0	76.1	N.A.	135.1	140.5	N.A.	57.1	149.1	185.1
Harrisonburg	145.9	201.7	159.1	N.A.	117.8	65.9	N.A.	138.9	151.2	188.9
Lynchburg	167.2	198.4	304.1	103.6	N.A.	94.1	N.A.	121.2	124.0	448.5
Newport News - Hampton	121.6	183.6	248.4	94.5	76.4	88.7	121.0	114.5	138.7	N.A.
Norfolk - Va. Beach - Portsmouth	145.8	230.8	185.4	113.6	123.8	98.2	117.9	70.7	185.8	N.A.
Petersburg	116.6	166.6	14.8	N.A.	86.0	76.6	N.A.	99.2	122.0	138.3
Richmond	144.3	312.0	N.A.	121.4	117.1	120.5	114.1	99.9	128.0	174.2
Roanoke	133.8	268.3	37.2	86.1	141.9	70.3	108.0	100.0	126.6	183.3
Staunton	117.0	109.8	60.6	N.A.	84.4	74.6	N.A.	N.A.	129.8	160.7
Williamsburg	122.8	90.1	112.0	134.2	N.A.	81.7	N.A.	95.7	121.4	216.5
Winchester	148.8	318.8	115.9	113.0	183.4	68.4	N.A.	116.1	119.6	180.7

TABLE II October 1983

Percentage Change from same month last year.

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV LINAGE	NEW CAR REGIS-TRATIONS	NON AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	Sept. RETAIL SALES ‡
The State		17.4	74.4	10.1	7.9	23.5	2.4	2.5	4.5	20.6
Alexandria	5.1	12.3	1041.1	7.9	N.A.	10.5	4.6	-9.3	5.0	21.2
Bristol	23.8	25.1	906.1	4.8	20.0	43.0	N.A.	35.7	20.7	20.1
Cape Charles - Exmore	8.9	38.6	-1.2	1.8	N.A.	17.1	N.A.	N.A.	-1.3	11.3
Charlottesville	9.3	33.6	-66.3	5.6	N.A.	18.0	N.A.	3.3	1.5	15.7
Danville	7.1	N.A.	113.7	6.3	3.3	45.6	N.A.	-4.2	-0.4	16.3
Franklin	5.0	N.A.	-49.2	10.3	3.6	28.9	N.A.	-2.7	-1.6	26.4
Fredericksburg	8.9	21.3	-68.1	N.A.	12.3	22.1	N.A.	-20.4	8.9	17.3
Harrisonburg	11.0	20.9	145.1	N.A.	17.4	14.0	N.A.	10.6	4.7	72.5
Lynchburg	13.4	25.6	347.9	7.8	N.A.	49.8	N.A.	6.8	1.2	7.8
Newport News - Hampton	5.2	11.0	140.5	5.4	-26.4	30.4	4.3	10.4	3.9	11.4
Norfolk - Va. Beach - Portsmouth	9.0	16.1	25.1	10.2	9.0	23.5	3.5	-0.9	6.4	20.3
Petersburg	5.9	3.9	164.0	N.A.	12.4	30.7	N.A.	1.6	-2.5	14.9
Richmond	15.4	15.8	134.1	22.1	11.6	62.6	1.5	5.2	6.6	21.7
Roanoke	8.5	28.6	-14.1	5.5	15.3	6.1	3.5	3.9	4.6	18.7
Staunton	1.5	10.9	-86.7	N.A.	1.1	3.5	N.A.	N.A.	-2.2	2.7
Williamsburg	-4.2	-36.7	-12.6	5.8	N.A.	0.0	N.A.	-3.8	1.5	13.0
Winchester	18.8	14.3	49.1	13.1	107.9	4.7	N.A.	3.3	2.4	30.6

TABLE III

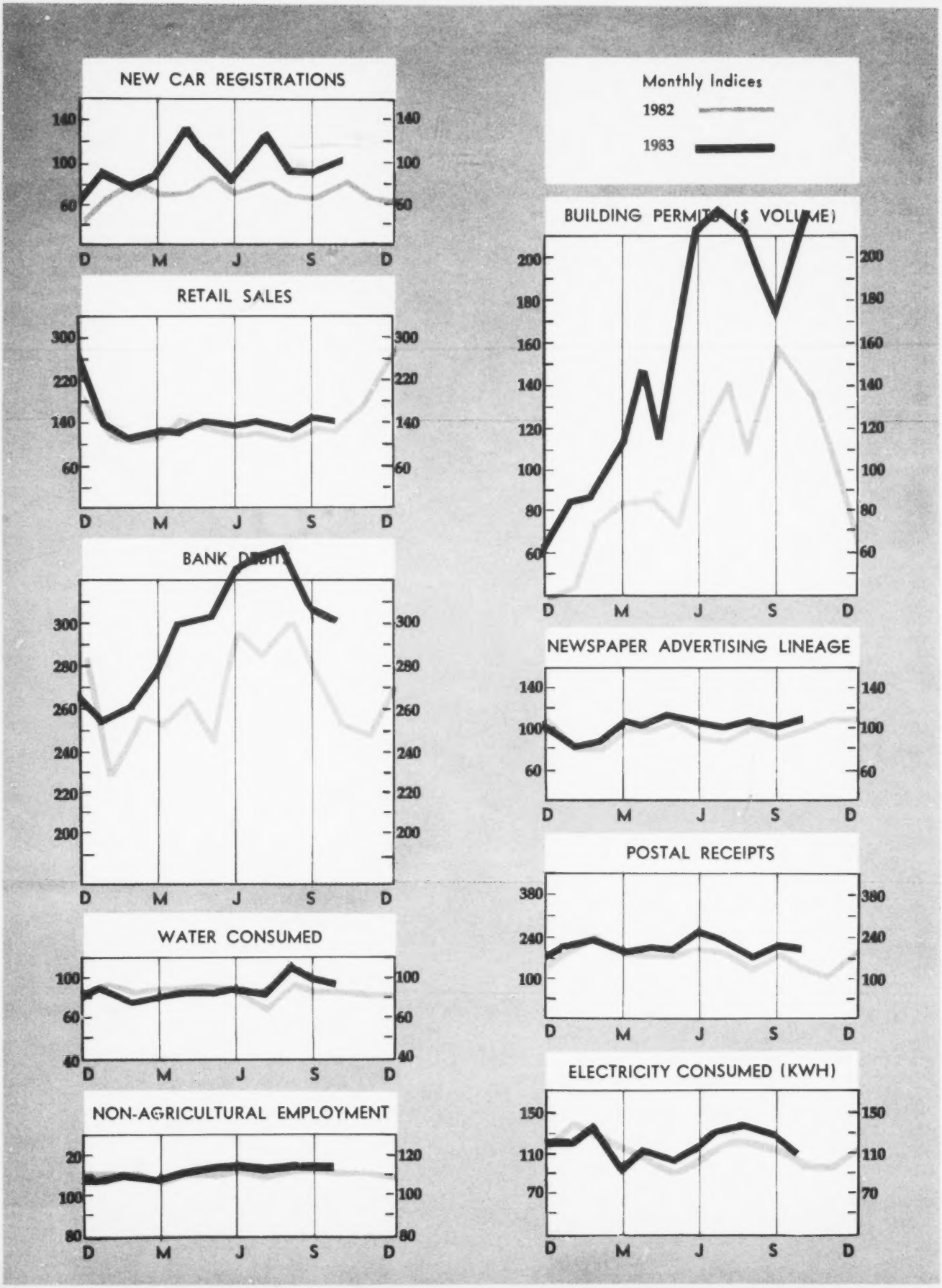
Percentage Change January - October from same period last year

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV LINAGE	NEW CAR REGIS-TRATIONS	NON AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	Jan.-Sept. RETAIL SALES
The State		14.8	54.6	5.7	6.8	23.0	0.9	0.8	10.2	13.5
Alexandria	9.4	-2.3	219.2	4.9	N.A.	23.9	3.8	0.7	14.8	16.8
Bristol	16.2	27.3	39.0	-0.4	1.8	39.0	N.A.	21.3	13.6	5.9
Cape Charles - Exmore	8.1	20.2	139.2	1.6	N.A.	28.7	N.A.	N.A.	-0.7	10.6
Charlottesville	11.6	26.3	-5.7	2.0	N.A.	28.6	N.A.	0.5	8.0	11.6
Danville	5.5	N.A.	5.0	6.6	10.5	50.9	N.A.	-6.2	-7.7	9.0
Franklin	1.0	N.A.	19.7	5.6	-0.1	12.8	N.A.	-4.4	-2.3	6.5
Fredericksburg	12.3	28.1	63.1	N.A.	10.6	26.0	N.A.	-26.7	16.0	19.3
Harrisonburg	9.9	23.1	230.7	N.A.	8.1	19.0	N.A.	6.2	4.3	51.7
Lynchburg	15.1	37.6	54.5	3.4	N.A.	42.0	N.A.	0.9	7.3	7.2
Newport News - Hampton	9.7	18.5	26.4	4.1	-2.8	20.7	3.9	6.3	12.3	10.8
Norfolk - Va. Beach - Portsmouth	12.0	25.3	51.4	4.6	8.6	23.8	2.5	-0.9	14.6	15.6
Petersburg	13.3	32.3	-15.8	N.A.	6.3	35.9	N.A.	1.5	5.7	14.8
Richmond	10.0	13.2	18.5	13.0	3.8	22.5	0.4	1.5	12.0	16.2
Roanoke	7.6	28.1	87.8	3.5	11.4	-5.3	1.7	0.6	9.5	12.6
Staunton	7.2	21.5	-13.3	N.A.	1.7	14.9	N.A.	N.A.	1.6	6.6
Williamsburg	0.8	-26.3	65.7	1.1	N.A.	27.2	N.A.	-5.9	3.2	14.7
Winchester	9.4	19.6	-2.9	4.4	23.0	28.1	N.A.	7.8	-2.6	21.0

*Computation of City Index is based upon a weighted arithmetic mean of all business and economic components listed except Building Permits, which is excluded because of its highly erratic nature.

†Preliminary data based on a survey sample.

‡Revised data based on sales tax information which lags behind current reports.


NEW CAR REGISTRATIONS
140
100
60
D M J S D
RETAIL SALES
300
220
140
60
D M J S D
BANK DEBITS
300
280
260
240
220
200
D M J S D
WATER CONSUMED
100
60
40
D M J S D
NON-AGRICULTURAL EMPLOYMENT
120
100
80
D M J S D
Monthly Indices
1982
1983
BUILDING PERMITS ($ VOLUME)
200
180
160
140
120
100
80
60
D M J S D
NEWSPAPER ADVERTISING LINEAGE
140
100
60
D M J S D
POSTAL RECEIPTS
380
240
100
D M J S D
ELECTRICITY CONSUMED (KWH)
150
110
70
D M J S D

Who Makes The Things (Part II)

(This article was written by Chessie Professor of Business Administration Marvin M. Stanley, who teaches Transportation Management and Business Policy in The Business School's MBA degree program. It is the second in a two-part article about the ratio of goods-producing workers to providers of services in the economy.)

Much has been written and spoken about the changing nature of our society and the economy. We hear about automation, retraining of workers, Peter Drucker's "Age of Discontinuity," computers and the information explosion, post-industrial society, and on and on. Apparently, it is upon us with a vengence.

Regardless of how society changes, we all need things and we all want things. Whether they add up to some mythical "quality of life" is up to the philosophers; the fact remains we all like the ready availability of physical goods in our society. Where these goods are coming from, however, is most interesting.

In 1967, fifteen years ago, the nation's population stood at 198.7 million. Goods-producing workers were 12.5 percent of the total population. In 1982, with a population of 232.1 million, goods producing workers wre 10.5 percent and manufacturing workers were 7.8 percent.

As a matter of interest, during the 1967-1982 period employees in private enterprises grew from 54.1 million to 68.6 million, a growth rate of 1.6 percent per year. Government employees, at both federal and state and local levels, grew from 13.8 million to 16.1 million, an annual growth rate of 1.0 percent. Government may be too big. It depends on one's viewpoint. But, government employment has grown at a rate less than private enterprise employment over the past 15 years.

Like it or not we are a nation of consumers. In 1982 all of us spent $1,999.9 billion as personal consumption expenditures, of which 11.5 percent went for importation of non-agricultural items. This is not a completely precise picture, of course, for it is difficult to tell the ultimate destination of such imported goods. Some of them undoubtedly wound up as components of products with U.S. brand names at the time of final sale.

We hear much about the difficulty of American industry in competing with foreign producers, such as Japan, Inc. Whether preference for foreign goods is based on quality, on performanc, on esthetics, is immaterial. The fact is many of the things we need or want are being made abroad.

Is this an inexorable trend? It has been going on for 15 years. Is it dangerous? We do have an uncomfortably high unemployment rate, with many of the unemployed from industries we once dominated on a world-wide basis. Probably inexorable, possibly dangerous, unless American industry can significantly enhance its ability to compete.

Enhanced competitiveness, it seems to the author, rests upon two points: first, capital expenditures to make production labor more productive, that is technology; and second, investment in mind-power to operate the significantly-changed production base. The latter is what led to this two-part article.

Where do some of our brightest young business-trained minds turn for employment? Most of them go from academia to careers in finance, marketing, personnel, public relations, sales, etc. Not unimportant, of course, but somewhat outside of the mainstream of general, line management and out of the production sphere. The great majority tend to enter what are essentially staff and supporting areas of business activity. Frankly, that seems to be where business wants to use such young graduates and where they want to go. However, post-industrial society can only go so far in the trend towards more and more services in the GNP and staff in the business enterprise. Where that ultimate line should be drawn is not certain, but it is certain that someone still has to make things.

If the course offerings of the leading universities offering graduate business degrees are examined, it will be found that very few openly provide courses called simply, "Production." The essential and basic act of modern industry is disguised under "Control of Operating Systems," or some such title, taught with orientation toward quantitative analysis, rather than with emphasis upon basic production technology. If production, as such, is taught at all it is in engineering schools, but the ultimate managers tend to come from the business schools.

Also take a look at the proliferation of all sorts of specialists called staff in major business enterprises. Not only is the top level of management often effectively isolated from the actual production of the things the enterprise came into being to provide its customers; top management becomes so innundated with reports and digests and analyses that the information systems explosion just had to come into being. It, in itself, may tend to produce more and more data to be handled by more and more staff.

The author has lived in quasi-socialist countries and visited communist countries where the physical necessities and luxuries we take for granted are either severely limited or not available at all. This is not to say that such is the fate of free societies in a post-industrial era. It is to say that maybe we should all think about getting back to basics again, and not assume or hope that scarcity of things can't happen here as the result of becoming predominantly a nation of service providers rather than producers of all the things we all need and want. It can. It might, not as the result of our political system, but as the result of far too many of us heading in the wrong direction.

Some years ago, Barnard Baruch offered his sage advice for profit-making in investment. He said, "Buy low and sell high." Some of our bright young business-trained minds, and the companies that employ them, might consider a corollary: enter general management related to production at levels where others do not seem to want to go. That way probably holds greater future opportunity for them, and the business enterprises will be better for it. MMS

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